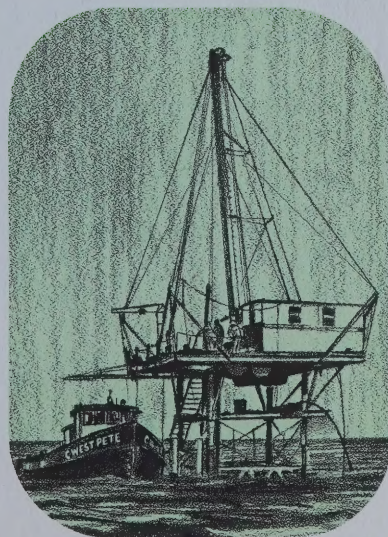


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*Feb*

1962

ANNUAL  
REPORT



MAY 15 1963

CONSOLIDATED WEST PETROLEUM LIMITED

*Coste Family*



# CONSOLIDATED WEST PETROLEUM LIMITED

## *Report of the Directors*

### TO THE SHAREHOLDERS:

Your Directors have pleasure in submitting for your approval the 24th Annual Report of your company with balance sheet as of December 31, 1962 and Profit and Loss, Earned Surplus and Source and Application of Funds for the year ended December 31, 1962 certified by the Company's Auditors.

Combined Gas and Oil Sales of \$567,514 in 1962 slightly exceeded those of the previous year. The gas sales in 1962 were \$529,443 with higher sales in the period July to December, 1962 than in the corresponding period of 1961, the first comparable period in which the Lake Erie wells were under individual control.

Oil Sales from the Malden Field were up substantially to \$38,071 as against \$3,633 in 1961; this field, however, has proved disappointing with very small wells to date. The drilling operations in Lake Erie resulted in two gas wells extending production to the west; both of these wells are notable for their high pressures of over 360 pounds per square inch gauge, although they are located less than one and one quarter miles from the shore line. One dry hole was drilled between No. 27 M.L.O. and the producing field to the west, about seven miles from land.

The operations of your subsidiary company, Underwater Gas Developers Limited, resulted in a net profit of \$488 after writing off depreciation in the amount of \$53,629. Your subsidiary company out of accumulated depreciation funds was also able to pay off \$120,000 of 5½% demand notes from which your company received 85% or \$102,000.

During the year, your company paid dividends at the rate of ten cents per share and with an assured cash flow from the sale of gas from the wells in Lake Erie, similar dividends can be maintained for some years to come without having to count on the probability of income from new discoveries.

We commend to the shareholders the faithful services and high morale of the personnel of your company and Subsidiary.

Respectfully submitted on behalf of the Board of Directors.

E. F. COSTE,  
*President.*



# CONSOLIDATED WEST PETROLEUM LIMITED

## *Officers*

PRESIDENT.....E. F. COSTE

VICE-PRESIDENT.....M. S. HAAS

SECRETARY-TREASURER.....I. A. McEWAN

ASSISTANT SECRETARY.....MISS E. F. DALE

## *Directors*

J. W. BAIN	•	E. F. COSTE	•	M. S. HAAS
H. R. JACKMAN, Q.C.	•	I. A. McEWAN	•	L. C. WEST

## *Transfer Agent*

The Canada Trust Company, Toronto, Ontario

## *Bankers*

The Royal Bank of Canada, Toronto, Ontario

## *Head Office*

Toronto, Ontario

# CONSOLIDATED WEST PETROLEUM LIMITED

## *Auditors' Report*

To the Shareholders,  
Consolidated West Petroleum Limited.

We have examined the Balance Sheet of Consolidated West Petroleum Limited as at December 31, 1962 and the Statements of Operations and Earned Surplus for the year ended on that date. Except for the Subsidiary Company, Underwater Gas Developers Limited, the accounts of which were examined by other auditors, our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, the accompanying Balance Sheet, supplemented by the explanatory notes appended thereto, and the related Statements of Operations and Earned Surplus present fairly the financial position of the Company as at December 31, 1962 and the results of its operations for the year ended on that date, in accordance with generally accepted accounting procedures applied on a basis consistent with that of the preceding year.

CHENEY, GLENN & GRAYDON,  
*Chartered Accountants.*

Oakville, Ontario,  
March 11, 1963.

# CONSOLIDATED WEST

TORONTO

## Balance Sheet as at

(with comparative figures)

	ASSETS	1962	1961
<b>Current</b>			
Cash on Hand and in Banks.....		\$ 191,790	\$ 283,538
Accounts Receivable.....		55,549	66,608
Short Term Investments—at cost.....		74,353	
Accrued Interest.....		3,327	2,536
Corporation Income Taxes Refundable.....			4,281
Inventory—at lower of cost or market.....		4,932	
Prepaid Expenses.....		28,827	8,159
Due from Essex Gas & Oil Limited.....		17,292	4,000
<b>TOTAL CURRENT ASSETS.....</b>		<b>\$ 376,070</b>	<b>\$ 369,122</b>
<b>Investments</b>			
<i>Subsidiary Companies—at cost (Note 1):</i>			
Underwater Gas Developers Limited			
5½% Demand Notes.....		\$ 204,000	\$ 306,000
425,007 Shares.....		85,007	85,007
Essex Gas & Oil Limited			
1,345,500 Shares.....		49,833	49,833
<i>Other Investments:</i>			
10,000 Class A Common Shares in Saratoga Processing Co. Ltd.			
—at market value (1961—at cost).....		20,000	35,750
⅓ working interest in Oil and Gas leases in Braeburn area			
Province of Alberta—at cost.....		25,000	25,000
<b>TOTAL INVESTMENTS.....</b>		<b>\$ 383,840</b>	<b>\$ 501,590</b>
<b>Fixed—at cost</b>			
Land.....		\$ 3,379	\$ 3,379
Buildings, Pipelines and Equipment.....		\$ 543,363	\$ 494,003
Less: Accumulated Depreciation and Amortization.....		396,147	343,737
		\$ 147,216	\$ 150,266
Gas Wells (Note 2).....		\$2,268,960	\$2,205,429
Less: Amortization of Producing Gas Wells.....		1,439,977	1,233,387
		\$ 828,983	\$ 972,042
Oil Wells (Note 2).....		\$ 167,478	\$ 70,599
Less: Amortization of Producing Oil Wells.....		33,422	
		\$ 134,056	\$ 70,599
<b>TOTAL FIXED ASSETS.....</b>		<b>\$1,113,634</b>	<b>\$1,196,286</b>
		<b>\$1,873,544</b>	<b>\$2,066,998</b>

NOTE 1—The assets and liabilities, revenue and expenses of the subsidiary Companies, Underwater Gas Developers Limited, and Essex Gas & Oil Limited, are included in the consolidated statements of Consolidated West Petroleum Limited. The parent Company's share of net profit for the year ended December 31, 1962 is \$415.06, increasing the parent Company's share of the net profits since commencement of operations to \$1,196,286. The consolidated statement of income for the year ended December 31, 1962 shows an operating profit for the year ended December 31, 1962 in the amount of \$1,196,286. The above profits and costs have not been taken into account in determining taxable income for the year. Of the amount of \$225,643.11, \$96,878.44 is attributable to the subsidiary Companies.

NOTE 2—The cost of wells and other preproduction development expenses during the year ended December 31, 1962 amounted to \$106,913.90. The above profits and costs have not been taken into account in determining taxable income for the year. Of the amount of \$225,643.11, \$96,878.44 is attributable to the subsidiary Companies.

NOTE 3—35,000 shares have been set aside for options to key employees exercisable to November 30, 1963.

This is the Balance Sheet referred to in our report of this date.

CHENEY, GLENN & GRAYDON,

Oakville, Ontario,  
March 11, 1963.

Chartered Accountants.



## PETROLEUM LIMITED

ONTARIO

December 31, 1962

December 31, 1961)

	LIABILITIES	1962	1961
<b>Current</b>			
Accounts Payable and Accrued Charges.....		\$ 15,160	\$ 10,790
Corporation Income Taxes.....		5,545	
Accrued Royalties and Taxes.....		20,237	21,945
Due to Underwater Gas Developers Limited.....		30,281	91,797
<b>TOTAL CURRENT LIABILITIES.....</b>		<u>\$ 71,223</u>	<u>\$ 124,532</u>

## SHAREHOLDERS' EQUITY

<b>Capital</b>			
Authorized			
2,500,000 Common Shares of No Par Value			
Issued and Fully Paid			
1,119,933 Common Shares (Note 3).....		\$ 890,232	\$ 890,232
<b>Earned Surplus</b>			
Statement "C".....		912,089	1,052,234
<b>TOTAL SHAREHOLDERS' EQUITY.....</b>		<u>\$1,802,321</u>	<u>\$1,942,466</u>

\$1,873,544\$2,066,998

Gas Developers Limited and Essex Gas & Oil Limited, have not been included in the financial profit for the year ended December 31, 1962 of Underwater Gas Developers Limited amounted operations of the subsidiary on May 6, 1957 to a total of \$6,481.66. Essex Gas & Oil Limited 12. Amortization of preproduction, exploration and development costs has been provided to the balance of the unamortized preproduction, exploration and development costs as at December 31, counts of Consolidated West Petroleum Limited.

December 31, 1962 amounted to \$225,643.11 (1961—\$246,499.71); this amount has been deducted from the Company's share of the costs of wells in the Malden oil field.

at a price of \$5.00 per share. As at December 31, 1962, 16,000 shares remain under option.

Approved on behalf of the Board:

"M. S. HAAS," Director

"E. F. COSTE," Director

# CONSOLIDATED WEST PETROLEUM LIMITED

TORONTO

ONTARIO

## Statement of Operations

For Year Ended December 31, 1962

(with comparative figures for 1961)

Revenue	1962	1961
Gas Sales.....	\$ 529,443	\$ 560,341
Oil Sales.....	38,071	3,633
Rental Income.....	4,200	4,200
Interest Earned.....	19,790	19,313
<b>TOTAL REVENUE.....</b>	<b>\$ 591,504</b>	<b>\$ 587,487</b>
<b>Expenses</b>		
<i>Operating and Producing Expenses—Gas Wells</i>		
Maintenance and Operation of Wells and Plant.....	\$ 92,716	\$ 87,689
Royalties, Lease Rentals and Gas Tax.....	65,537	70,899
Municipal Taxes.....	10,356	7,705
Depreciation of Buildings, Pipelines and Equipment.....	41,136	55,023
	<b>\$ 209,745</b>	<b>\$ 221,316</b>
<i>Operating and Producing Expenses—Oil Wells</i>		
Maintenance and Operation of Wells.....	\$ 20,152	\$ 1,848
Royalties.....	4,053	
Payment to Subsidiary per Agreement.....	2,664	
Depreciation of Pipelines and Equipment.....	10,819	188
	<b>\$ 37,688</b>	<b>\$ 2,036</b>
<i>General Administrative Expenses</i>		
Administrative and Office Salaries.....	\$ 26,395	\$ 33,500
General Office and Corporate Expenses.....	17,691	17,665
Directors' Fees and Expenses.....	5,175	6,625
Legal and Audit Fees.....	7,389	9,312
Transfer Agent's Fees.....	1,869	1,883
Depreciation and Amortization of Office Equipment.....	598	438
	<b>\$ 59,117</b>	<b>\$ 69,423</b>
Less: Management Services Charged to Subsidiary.....	12,000	21,000
	<b>\$ 47,117</b>	<b>\$ 48,423</b>
<b>TOTAL EXPENSES.....</b>	<b>\$ 294,550</b>	<b>\$ 271,775</b>
<b>Operating Profit for Year.....</b>	<b>\$ 296,954</b>	<b>\$ 315,712</b>
<i>Other Deductions</i>		
Amortization of Cost of Producing Wells.....	\$ 240,012	\$ 223,782
Write Off of Dry Holes and Other Preproduction Development Expenses.....	45,234	105,038
Reduction in Cost of Investment to Estimated Market Value.....	15,750	
	<b>\$ 300,996</b>	<b>\$ 328,820</b>
<b>Loss Before Corporation Income Taxes.....</b>	<b>\$ 4,042</b>	<b>\$ 13,108</b>
CORPORATION INCOME TAXES.....	24,109	20,000
<b>Loss for Year.....</b>	<b>\$ 28,151</b>	<b>\$ 33,108</b>



# CONSOLIDATED WEST PETROLEUM LIMITED

TORONTO ONTARIO

## *Statement of Earned Surplus*

*For Year Ended December 31, 1962*

*(with comparative figures for 1961)*

	1962	1961
BALANCE AS AT JANUARY 1.....	\$1,052,234	\$1,139,441
Adjustment of Prior Years' Taxes.....		901
	<u>\$1,052,234</u>	<u>\$1,140,342</u>
Less: Loss for Year.....	\$ 28,151	\$ 33,108
Dividends Paid.....	111,994	55,000
	<u>\$ 140,145</u>	<u>\$ 88,108</u>
BALANCE AS AT DECEMBER 31.....	<u>\$ 912,089</u>	<u>\$1,052,234</u>

## STATEMENT D

## *Statement of Source and Application of Funds*

*For Year Ended December 31, 1962*

*(with comparative figures for 1961)*

<b>Funds Provided</b>	1962	1961
FROM OPERATIONS		
Expenses not requiring an outlay of funds		
Depreciation.....	\$ 52,554	\$ 55,649
Amortization of Cost of Wells.....	240,012	223,782
Reduction in Cost of Investments.....	15,750	
	<u>\$ 308,316</u>	<u>\$ 279,431</u>
Less: Loss for Year.....	28,151	33,108
	<u>\$ 280,165</u>	<u>\$ 246,323</u>
Adjustment of Prior Years' Taxes.....		901
Repayment of Demand Notes by		
Underwater Gas Developers Limited.....	102,000	
	<u>\$ 382,165</u>	<u>\$ 247,224</u>
<b>Funds Applied</b>		
Purchase of Fixed Assets.....	\$ 49,504	\$ 1,880
Cost of Gas Wells.....	63,531	70,862
Cost of Oil Wells.....	96,879	70,600
Dividends Paid.....	111,993	55,000
Purchase of Investments.....		60,750
	<u>\$ 321,907</u>	<u>\$ 259,092</u>
Increase (Decrease) in Working Capital for Year.....	<u>\$ 60,258</u>	<u>\$ (11,868)</u>
Working Capital at End of Year.....	<u>\$ 304,847</u>	<u>\$ 244,589</u>







